He Introduces a Bill to Put the Speculators Carren's Bills to Relieve the Congestion at This End of Brooklyn Bridge.

having suffered from the system of the side walk theatre ticket speculators in New York city, proposes that no one else shall be victimized as he and three friends were the other night. Smarting under the indignity of having purchased four tickets from sidewalk speculators which were not conored at the door of the theatre, the Senator proposes that sidewalk speculators

shall not be permitted to rope others in. To-night he introduced two bills designed to put the speculators out of business The Senator in doing so wanted to prevent up-State people from being made victims of the pernicious system, and when he introduced his bills he asked that they be advanced to third reading without reference. The up-State members didn't feel so keenly about the matter as did Senator Saxe, for when his request for advancement and without reference was made Senator

"I conceive that it may be of the utmost importance that the law should be so ended as to prevent Senators and other citizens and residents of the city of New York from being flimflammed by ticket speculators. I do not know whether there is anything in these bills which regulates the kind of gas fixtures to be used in hotels in the city of New York so that the guests may be saved harmless if they attempt to blow out the gas, but I do think that under all the circumstances the best Senator Saxe should have for these bills is to advance them to the order of third reading, possibly, with reference, as I understand from the morning papers that he is a victim

of the ticket flimflammers.

"One of my colleagues suggests that the rule should be maintained, and that it would be within the province of the conmittee when reporting to request, its advancement to third reading or to hear the Senator make the request at that time, so under the circumstances I feel obliged

o object." So the bills were referred to committee without the desired advancement. One bill amends the Penal Code, making ticket selling in front of theatres a misdemeanor and making cooperation of the proprietor or manager of a theatre with a ticket speculator a misdemeanor. The other prohbits the city authorities from granting licenses to ticket speculators excepting licenses hetetofore granted, but which are to ter-minate on June 30 next, and the holders of the licenses shall receive from the city the

proportionate amount of the fee paid.

The Senate passed to-night Senator
McCarren's bills to relieve the congestion
at the Manhattan terminal of the Brooklyn
Bridge. One authorizes the Commissioner Bridge. One authorizes the Commissioner of Bridges, with the consent of the Board of Estimate and Apportionment, to build a temporary terminal in City Hall Park, which consent has already been refused by the Commissioner of Parks. The other bill authorizes the commission appointed under an act of 1901 to devise plans for the relief of the congestion to change the plans to meet the existing situation.

relief of the congestion to change the plans to meet the existing situation.

Senator Sohmens's bill prohibiting the removal of a patient from one hospital to another in New York city was passed by the Senate. The bill also compels superintendents of New York city hospitals to admit all patients brought to them if they have room and the patients are not suffering from contagious diseases.

tagious diseases.

A bill introduced by Senator Gilchrist of Brooklyn. gives witnesses who are com-pelled to testify before legislative com-mittees immunity from arrest on account of the testimony they may give to the com-mittee. The bill is introduced preparatory to his contemplated legislative investiga-tions of the New York city school admin-

istration.

A bill introduced by Senator Grady provides that appointments to the New York city police force shall be for a temporary period, but allowing the temporary period. The remaining horse cars in New York city are doorned. Assemblyman Stern to-night introduced a bill compelling the change from equine power to some other

DUNN'S RESIGNATION ACCEPTED. Gov. Hughes Won't Discuss Appointing

New Railroad Commissioner. ALBANY, Feb. 25 .- Gov. Hughes anthe resignation of Col. George W Dunn as State Railroad Commissioner. His term would have expired on March 15, according to the records of the Secretary of State. Gov. Hughes was asked if he would appoint Mr Dunn's successor, but said he had nothing to say on that matter at this time.

Assemblyman Burnett Seriously III. ALBANY, Feb. 25 .- Assemblyman Jean L. Burnett of Canadai, yua, who is seriously ill with pneumonia at the Hotel Ten Eyek in this city, was somewhat better to-day. Mr. Burnett's condition is so serious that he cannot with safety be moved to the

MAY SMASH CAMBRIDGE BOAT. Socialists Enraged Because Students "Ragged" Kelr Hardle, M. P.

Special Cable Despatch to THE SUN. LONDON, Feb. 25 .- Mr. Johnstone, president of the Cambridge University Boat Club, has received a telegram saying that Socialists intend to smash the Cambridge boat when the crew comes to London shortly to train for the interuniversity race. Mr. Johnstone treats the matter as a joke, although he admits the threat may be connected with his having refused to sign an apology sent by the Cambridge sporting men to Keir Hardie, M. P., for the undergraduates' "rag," which recently broke up a meeting he tried to address at

Another member of the crew believes the threat to be genuine. He says it is astonishing what a number of Cambridge undergraduates are keen on socialism. They were furiously angry when the meeting was broken up and were more enraged than ever when Mr. Johnstone refused to sign the apology. He adds that although Mr. Johnstone is not taking any precautions the others are keeping a sharp watch.

BUSINESS MEN IN PORTO RICO. Ninety Members of Commercial Club Feted in San Juan.

Special Cable Despatch to THE STY San Juan, P. R., Feb. 25 .- Ninety members of commercial clubs of Boston, Chicago. Cincinnati and St. Louis have arrived here on the steamer Prince Joachim.

The Spanish colony and the Union Club feted the visitors. Part of them will go to Ponce, travelling overland, while the others will go to that place by sea.

TERROR REIGNS IN ODESSA. Soldlers Guard Foreign Consulates-Stu-

dents Arm for Trouble. Special Cable Despatch to THE SUN. ODESSA, Feb. 25 .- The unrest and anxiety here continue. Military guards are posted at all the consulates owing to the rear of

more serious trouble. The university is still closed. One hundred and fifty reactionary students have joined the Union of Russian People, which has supplied them with clubs and revolvers.

1898 VINTAGE CHAMPAGNES

## MONOPOLE

ALEX D SHAW & CO

## **FINANCIERING**

Continued from First Page.

attorneys to probe the Alton's finance under Harriman. It was Mr. Harriman's fifty-ninth birth-

day yesterday. When he left the stand he said he wanted to get time for a birthday party. Mr. Kellogg, who had done the questioning, said that they had tried to give private individual.

Mr. Milburn held that this was not inter-

"Yes, but you've blown out all the candles," said Mr. Harriman with a smile. "I'm thinking of retiring when I'm 60 get time to arrange it.

Summary of the Evidence. Before Mr. Harriman appeared the counsel for the commission put in evidence another instance of Mr. Harriman selling stock owned by him to his own company This was the sale of 37 per cent. of the St Joseph and Grand Island road. There was put in evidence the resolution of the executive committee directing that this be

bought from Mr. Harriman About the first question taken up with Mr Harriman was the purchase of the Northern Pacific stock. Mr. Harriman admitted that the balance of the proceeds of the \$100,000,000 Union Pacific's convertible bond issue left after paying for the Southern Pacific stock had been used to buy Northern Pacific and that \$27,000,000 of the proceeds of a bond issue of the Oregon Short Line had gone into the same purchase. He also admitted at the start that \$145,000,000 had been used to buy the stocks of the Southern P. cific and Northern Pacific. Loss of \$11,000,000 on Price of Stocks

Bought by U. P. In regard to the \$131,000,000 of stocks purchased since July 1 last by the Union Pacific and Oregon Short Line, as shown on the first day of the inquiry, Mr. Kellogg for the Government brought out from Mr. Harriman that there had been a loss on these stocks of \$11,000,000 at current market prices. That brought from Mr. Harriman long explanation, which he tried to read from manuscript, but Mr. Kellogg insisted that he answer questions as they were put

"All right, but I'd like to explain," said Mr. Harriman regretfully.

He said that the reason for these stock purchases was that the Union Pacific wanted to get a better return than it could get on the Great Northern stock it got back after the Northern Securities suit. Mr. Harriman described this Great Northern stock as having been "forced on" the company unjustly. When its market value reased from \$100,000,000 to \$145,000,000 he said it brought a return of less than 3 per cent., and to get a better return \$116,-000,000 worth was sold and reinvested. That where the company might have lost some money owing to the depreciation in market values of some of the stocks it ed in it still stands a big winner on the Northern Securities venture was the purport apparently of this explanation.

## U. P. "Doesn't Speculate."

"We invested in securities we thought were of the highest class," said Mr. Harriman, when Mr. Kellogg remarked that the Union Pacific Railroad Company seemed to take market chances slike any other investor in stocks. Then Mr. Kellogg showed that the company had bought sounced to-night that he had accepted \$182,000,000 more in securities than it had sold so far. Mr. Harriman didn't think this was so at first, and for the first time showed some temper. He said that the impression was being given that the Union Pacific was speculating in stocks.

"There are other people than you and me ere," he said, looking at the reporters. here," he said, looking at the reporters. Mr. Kellogg wanted to know if the purchases of Illinois Central, Chicago and Alton, Bal-timore and Onio, New York Central and Chicago Great Western stock made since July were for permanent investment or con-trol. Mr. Harriman said that it was certainly not for control.

"I have no expectation about it," replied "I have no expectation about it," replied Mr. Harriman. "I never thought of that; it never crossed my mind. It is for the purpose of receiving \$6,500,000 a year income instead of \$3,500,000."

"Then you consider that a permanent investment?"

"That is what we concluded."

"Did you expect to sell the stock again?"

B. & O. Stock Not Yet Paid For

In regard to the purchase of the Balti-more and Ohio stock, for which there are outstanding obligations of \$45,466,960, Mr. Harriman said the company had paid \$9,723,528 in cash, leaving the rest to be paid for later. The stock had been purchased of Kuhn, Loeb & Co.

"Did Kuhn, Loeb & Co. get it from the Pennsylvania?"

"That you must ask them about," said the witness, "I have no absolute know-ladge."

the witness, "I have no absolute know-ledge."
He went on to say that he had talked about this purchase with Mr. Cassatt at Bar Harbor. This was in August or September last and the purchase was made on September 14. Mr. Harriman said that he thought they had bought all the B. & O. the Pennsylvania had owned. The price he had not discussed with Mr. Cassatt.
Mr. Kellogg wanted to know if there Mr. Kellogg wanted to know if there were any conditions to this sale; if there was any understanding that the Pennsylvania was to have the right to buy back

the stock.

Mr. Harriman said that there had been no agreement nor had such a thing been mentioned in his talk with Mr. Cassatt.

"It was a clean transaction as far as we were concerned," he remarked. Then he went on to explain that the B & O. stock had been bought for the Union Pacific "as a connection."

"Where does it connect with the Union Pacific?" asked Mr. Kellogg.
"Well, I should correct that," said the witness. "It is not a connecting line; it is a continuous line through other companies."
These companies, he explained, were the
Illinois Central, St. Paul and the Northern.

The Deal in Alton Preferred.

Mr. Kellogg went back to stock purchases made in 1904 and asked about the 103,431 shares of Alton preferred purchased in October of that year. This stock, it was then brought out, was sold by Kuhn, Loeb & Co. to the Union Pacific at 864. This was the price fixed by a committee of three, Mr. Harriman, John A. Stewart and John J. Mitchell, 2½ per cent. commission being paid to Kuhn, Loeb & Co. by the vendors. The Government's counsel produced the agreement under which the preferred stock holders deposited their stock with Kuhn, Loeb & Co. and agreed to sell it at a price to be fixed by this committee.

It turned out later that Mr. Harriman. Mr. Stewart, Mortimer Schiff and George 1843

J. Gould were the holders of 97 per cent. of the preferred stock of the Alton.
"You fixed the price, didn't you?" Mr.

Kellogg asked.
"I didn't fix the price," Mr. Harriman insisted. Mr. Kellogg said that he meant that Mr. Harriman and the committee fixed it and Mr. Harriman agreed to that.

Here Harriman Balks.

"Now," said Mr. Kellogg, "did you own any of the stock that was so deposited?"

John G. Milburn of the Harriman counsel was on his feet at once then. He told Mr. Harriman not to answer and went on to say that they had been taking the most liberal view of the powers of the commission up to this point "because," said he, "it has been the desire, from the beginning, of Mr. Harriman, as the highest officer of the railroads concerned, to have the transactions of these roads, their operations in acquiring property, known to the public as they were, and that thereby the vast mass of scandal and gossip might be buried forever."

Then Mr. Milburn in a long argument ontended that it was not within the power of the commission to inquire into the private affairs of individuals who might or might affairs of individuals who might or might not have sold stock, that having no bearing on interstate commerce. He admitted that the fact that the Union Pacific did acquire these shares and still holds them might have a bearing on interstate commerce, but whom it bought them from did not.

This led Chairman Knapp of the commission to ask Mr. Milburn if he held that an executive officer of a company could purchase stock of another company and sell it to his own company and preclude inquiry into his action because he was a

state commerce from any conceivable point of view.

"I say that under the law of the land he can legally do it under certain circumstances," he said. The commission would be claiming a most extraordinary power, Mr. Milburn said, if it contended that it could walk into any one's office and examine his books about matters having no relation to its rate making rower.

relation to its rate making power.
"We intend to show," said Mr. Kellogg,
"that the Alton road was inflated beyond all reason—a most conspicuous example of the days of inflation—and we believe its stock is not a worth a dollar. We wish to know under what circumstances this stock was bought by the Union Pacific in this most remarkable transaction of the purchase of \$130,000,000 or \$140,000,000 of stock." The information Mr. Kellogg said

stock." The information Mr. Kellogg said was material as bearing on the road's earnings and its capitalization.

"Congress," said he, "may prohibit an interstate railroad from acquiring stock in the Chicago and Alton or in another road, from acquiring a parallel or competing road or any interest therein. These are things it may do, and you wish to know what the Union Pacific has been doing—the most gigantic system of stock purwhat the Union Pacific has been doing—
the most gigantic system of stock purchases ever known in American railroads."

Mr. Severance, Mr. Kellogg's partner,
wanted to know if, for instance, Mr. Harriman had looted the treasury and the road
had been bankrupted the commission
could not go into the transaction.

Mr. Milburn said that Mr. Severance
had taken a very extreme case but he

had taken a very extreme case, but he wanted to know if any Federal court would have the power to try Mr. Harriman in that case. It was not a Federal question, he said. A Quarter of the Stock Was Harriman's.

It was decided then by the commission It was decided then by the commission to consider the question during the recess, and Mr. Kellogg proceeded to bring out in another way who were the vendors of the stock to Kuhn, Loeb & Co. Mr. Kellogg started by taking Mr. Harriman back into the history of the Alton road, but he had hardly saked when he first became connected with it when Mr. Harriman broke in on him with: "Wouldn't you like me to tell you all about Chicago and Alton?"
"Not just now, Mr. Harriman, said Mr. Kellogg, and Mr. Harriman ast back, evidently disappointed. Time and again he tried to get in his explanation of the whole thing, but every time he was shut off. First Mr. Kellogg brought out that the road Mr. Kellogg brought out that the road prior to 1898 had \$39,000,000 obligations of all kinds, that the value of its property as shown by the books was put at the same figure and that it had been paying 8 per cent. or more in dividends.

Q. In 1899 you organized a syndicate to buy the Chicago and Alton, did you not? A. Let me see. Was I the one that did that. I think so: I had a hand in it, anyway. Q. I think you did. The syndicate was composed of yourself, Mortimer Schiff, statement shows that George J. Gould acquired 54,534 shares of the stock, E. H. Harriman, 54,545 Mortimer Schiff, 54,545, and

That is substantially James Stillman, 54,545. correct, is it not? A. I think so.
Q. There may have been a few shares in names of others. In other words the syndicate acquired all but \$438,000? A. About

Profit on Bonds Sold to N. Y. Life When Mr. Kellogg asked Mr. Harriman if he was president of the road Mr. Harri-

man caused a smile by seeming to have forgotten all about it.

"I don't recollect that I have ever been president," he said. The records showed that he had. It was shown that when he that he had. It was shown that when he and his three associates got it the road had a bonded indebtedness of about \$8,000,-000, that immediately a bond issue of \$32,-000,000 was made, and of this all but \$436,000 was sold. Mr. Harriman didn't like to have it described as having been divided among the syndicate. "It was divided among the stockholders, whoever they were." he kept insisting.
"To the holders of the stock, of which these four men got substantially all." re-

these four men got substantially all," remarked Mr. Kellogg. Mr. Harriman said that there was nothing to show that the

that there was nothing to show that the syndicate hadn't represented others. Then Mr. Kellogg suddenly asked of Mr. Harriman hadn't sold some of his bonds immediately. Mr. Harriman said that he didn't think he had.

"Is it not a fact," Mr. Kellogg asked, "that this syndicate, yourself, Mr. Schiff, Mr. Gould and Mr. Stillman, sold \$10,000,000 in round numbers to the New York Life Insurance Company?"

"Not to my knowledge," replied Mr. Harriman.

Mr. Kellogg asked him if the price to the New York Life wasn't 96, but Mr. Har-riman still had no knowledge whatever

Q. Who did sell them? A. I don't know. presume Kuhn, Loeb & Co. did, Q. They were sold for the benefit of the company, were they not? A. Mr. Kellogg, if you want to give me a chance to tell you about Chicago and Alton, all right. I will tell you, but if you do not you will get a wrong

Q. I do not think so. I will give you all the opportunity in the world to explain. I want to know if Kuhn, Loeb & Co., representing the syndicate of these four men, did not sell to the New York Life, in 1899, \$10,000,000 of these bonds for 96? A. I do not know whether they did or not.

Q. Did you ever hear of it? A. It is a long time ago and I know those bonds were sold New York Life. I had nothing whatever to do with it.

Q. They were sold for the benefit of your ompany, weren't they? A. I don't know

NEXT.

A gentleman has handed us \$20 with the remark: "I know there must be much suffering among worthy people, whom I would willingly help. But I can give little personal attention to such matters and have had some discourag-ing experiences. To feel that through your Association I can give those in dis-tress prompt, kind and wise attention gives me much picasure."

gives me much pirasure."

The public which demands that preventable suffering in our city be promptly relieved, not only to-day but next week, next month, every day in the year, must provide the money for food, coal, clothing, medicine and other wants.

food, coal, clothing, medicine and other wants.

The situation is serious. We have 2.500 families needing aid. Send \$1, \$5, \$10, \$25, \$30, \$100, and, if you desire, we will gladly write fust how your gift is used. R. S. Minturn, Treas., Room 211, No. 105 East 22d St.

N. Y. Association for Improving the Condition of the Poor.

whether they were or not, or whether it was

Q. And \$10,000,000 of them went to the New York Life, did they not? A. I don't know whether they did or not. Q. Ten million dollars of them were sold for 96, were they not? A. I think they were. I don't know whether they were my bonds

Q. And thereby the stockholders. gentlemen, reaped a profit of over \$300 a bond? Is that correct? A. On your state-

Admits a Profit of 25 Points.

Mr. Kellogg brought out after this that \$1,000,000 of the bonds had been sold to the Equitable for 92 in August, 1900. Mr. Harriman hadn't heard of this. He hadn't heard of \$500,000 selling in July, 1901, for 92 or 88. He didn't know what the bonds had sold at the bonds had been sold to be bonds had been sold to be bonds had been sold to be bonds had been sold to the bonds had been sold to be bonds had be sold at on the market during all this time. Mr. Kellogg asked him if it wasn't true that from 1899, right after Mr. Harriman and his friends got them at 65, they had been quoted in Wall Street at from 23 to 96, but Mr. Harriman didn't know about that.

but Mr. Harriman didn't know about that. It was all a matter of public record, he said.

"Everything in the Chicago and Alton," he said, "was known to the public and the stockholders at the time the transactions were made. I've had something to think of besides Chicago and Alton since 1898 and 1899 I have had something to think of besides the market price of Chicago and Alton bonds and stock. If the New York and the Equitable Life, or any other life individuals or corporations, bought bonds at higher prices than they ought to I had nothing whatever to do with it."

Mr. Kellogg said that the question was whether the Chicago and Alton had sold the bonds at a lower price than it ought to to the four gentlemen named.

"You four gentlemen owned substantially all the stock," said Mr. Kellogg.

"We were the Chicago and Alton railroad practically," said Mr. Harriman.

"And you sold those bonds to yourselves for 65 cents on the dollar?"

"We sold them to the stockholders, whoever they might be. I don't know whether other people were interested in mine or not. Mr. Kellogg wanted to know if there were others who were they, but Mr. Harriman said he didn't have a list. He thought know how much he got for his bonds or who kept the books of the transaction.

Mr. Milburn broke in by saying that they were willing to admit that Mr. Harriman's bonds were sold for over 90, but Mr. Harriman didn't agree altogether to this remark of his counsel, apparently.

"You can't prove by me that I sold my bonds for over 90, because I don't remember whether I did or not." He added that Mr. Kellogg would have to go to some one else to find out what the syndicate got. Mr. Kellogg wanted to know where he could go.

"I don't know," said Mr. Harriman.

could go.
"I don't know," said Mr. Harriman. Q. Do you keep any personal books that

will show your profits in Chicago and Alton? Q. Did you ever have any books that will show your profits on these bonds? A. presume I did. No, I think not. I think was too busy attending to other matters. Q. You did not keep account of a little matter of \$2,000,000? A. Yes, a little matter of \$2,000,000 doesn't amount to much one

Extra Dividend for a Starter.

Mr. Kellogg next brought out that out of the proceeds of the \$22,000,000 bond issue an extra dividend of \$6,669,180 was paid to the four gentlemen on their old Alton stock.

There was a little item of \$970,000 paid out on coupons of some prior lien bonds of the road, which suddenly seemed to have jumped from one side of the ledger to the other. Mr. Kellogg wanted to know how a debt of the company suddenly became an asset to swell its capital. Mr. Harriman said that he couldn't explain it. "There must have been some mistake about it," he went on. "I think it was carried during the time as a matter of interest on the books of the company by some mis-

"Do you think that it would creep into the assets of the company from its debts without your knowing it?

"It evidently did in that case. It got there some way or another on your state-

Twelve Lost Millions Capitalized.

of the books, as Mr. Harriman put it, by which the sum of \$12,444,177 did some jumping. There was no surplus at the time, but Mr. Harriman explained that when he got the Alton the finances needed readting. He said that this sum had been paid out on the road from the income, and that by the "readjustment" half of it had been paid back to the stockholders in the form of this extra dividend. Mr. Kellogg brought out that it had been for years the policy to charge whatever had been spent on the road to income and close the account each year. Mr. Harriman said that the whole territory, nevertheless, had been drying up.
"It certainly hasn't dried up since. There

is water enough to satisfy any one," remarked Mr. Kellogg.

"Yes, and business, too," said Mr. Harriman. Mr. Harriman said that in regard to this \$12,000,000 the matter was very

simple.
"The books were all wrong," he said, referring to those kept before he took control. Mr. Kellogg called attention to the fact that this sum represented part of the losses of the old stockholders, who were not the same stockholders to whom the dividend of reimbursement, as Mr. Harriman put it, had been paid. It was money that had been charged to operating

expenses, he said. expenses, he said.

At the beginning of the afternoon session Mr. Kellogg produced letters from former presidents of the road showing that in 1889 Mr. Blackstone, then president, reported to his directors that he thought such a sum price to the added to the capital accounts. might be added to the capital account, or in other words that the losses of the old stockholders might be capitalized, but that nothing was done about it in the ten that nothing was done about it in the ten subsequent years, the old directors evidently not approving of it at all Mr. Harriman didn't think it made any differance whether or not the stockholders who had suffered the loss got the dividend.

"Did you direct this entry of \$12,444,000 to be credited?"

"I think not."

"You simply took advantage of it when it was done?"
"We acted—I acted as one of the board upon the report made by the officers of the company," he explained.

The Jump in Capitalization.

Mr. Kellogg got from Mr. Harriman that the four men who were the Alton road, as Mr. Harriman had put it, had paid 200 for the old preferred stock and 175 for the common. Then they bough the St. Louis, Peoria and Northern Railroad. 175 for the common. Then they bought the St. Louis, Peoria and Northern Railroad. a fifty-eight mile road. After paying themselves virtually the 30 per cent. dividend on the stock they had in the old company issuing \$32,000,000 of bonds, of which they took 97 per cent. at 65, they formed the Chicago and Alton Railway Company. Mr. Harriman said this was in the spring of 1900. To this company they proceeded to transfer all their common and preferred stock in the old company, 34,722 preferred and 183,224 common, for which they had paid \$39,000,000 and the fifty-eight mile railroad, which was turned in for \$3,000,000. The stock, it appeared, was placed in the treasury of the new company and a mortgage of \$22,000,000 was made on it. Then, \$19,430,000 common stock in the new company was

par value of preferred stock and \$19,542,000 common stock in the new company was issued, making about \$40,000,000 of stock and \$22,000,000 of bonds.

"In other words," said Mr. Kellogg, "you proceeded to capitalize \$39,000,000 of the preferred and common stock of the Alton for \$62,000,000?"

"That is as you put it," said Mr. Harriman, who wanted to know if he couldn't explain it. He didn't get a chance then. Mr. Kellogg wanted to show that this had been done through the four gentlemen turning over their stock in the old Alton Railroad to one Lewis Stanton and selling to him the fifty eight-mile railroad. The Railroad to one Lewis Stanton and selling to him the fifty eight-mile railroad. The next step was for Mr. Stanton, whom Mr. Harriman didn't seem to remember very well, to offer the Alton Railway Company the 34,722 shares of the preferred Alton railroad stock for \$10,000,000, and the little railroad for \$3,000,000. Mr. Harriman said that he did not remember the details though

he was present at the meeting at which Stanton made his offer.

"I have no recollection of it whatever," he said. The books were produced and showed it. In return for this offer the company gave the same Stanton apparently the \$22,000,000 3½ per cent. bonds issued upon the stock of the old company turned over—at least that's the way Mr. Harriman put it. A resolution was shown by which the directors, however, authorized a sale of only \$13,000,000 of the bonds, the proceeds to be paid to Stanton for the old preferred stock and the little railroad.

Mr. Kellogg asked if the stock turned in for \$10,000,000 hadn't cost the four \$8,944,400. Mr. Harriman said that the common and preferred had been bought by the four at one transaction. Mr. Kellogg tried to get what they had paid for the fifty-eight mile railroad. Mr. Harriman didn't remember how they had got that road.

"As a matter of tact it cost you less than \$1,000,000, didn't-it?"

Mr. Harriman said that he didn't think so; that it was more than that. He didn't remember that it had cost \$1,400,000 in bonds, although he had been one of the syndicate that had organized the road.

"Those bonds were defaulted, were they not?" asked Mr. Kellogg.

"I have never been a member of a railroad that defaulted on its bonds," said Mr. Harriman, angrily. "It is a small transaction and has gone out of my mind." He said that he didn't know what Stanton really got, but he did know that for what was turned in the four men got the \$22,000,000 of bonds and all of the common and preferred stock.

"There may have been somebody else hat was added," he remarked. Mr. Kellogg said that the resolution didn's seem to be correct.

correct.

"Well," said Mr. Harriman, "there was \$62,000,000 of securities given for the Chicago and Alton and the Peoria and Spring-field line. It doesn't matter what the form was."
Mr. Harriman didn't know that the bonds had sold as high as 93.

"If you got them at \$13,000,000 you made a big profit on them?

"I presume we did," he said. "We didn't buy the road to lose money on it."

Mr. Harriman didn't remember how many of these bonds had been sold, who were the syndicate managers, or various other details.

Would Mr. Stillman know?" "I don't know whether he would know."
"Would Mr. Schiff?" "I don't know. I supposed it was all a matter of public record. There were cir-culars issued at the time and you must have

them somewhere."

Mr. Kellog said that he didn't know of any record or of any circular. Mr. Milburn objected when he got down to asking if the syndicate managers had sold their stocks and bonds. He said it came under the question on which decision had been stocks and bonds. He said it came under the question on which decision had been reserved. Mr. Harriman said that his rec-ollection was that the highest price at which the preferred was quoted was 86. Mr. Kellogg said it was 87½. When he asked if the common stock had been sold, Mr. Harriman said:

"I believe the requities of the railway.

"I believe the securities of the railway company were divided among the holders of the stock of the railroad company in proportion to their holdings, and what they did with it they did on their own acceptant."

He said that there were others in this because the United States Trust Company had issued participating receipts. From the \$39,000,000 capitalization of the old company, Mr. Kellogg said the capitalization had been increased to \$122,872,323, but Mr. Harriman and his lawyers did some forming and act birds to the forming and contribute to the capitalization. figuring and got him to reduce this to \$116,000,000. Mr. Harriman read a statement showing that since the consolidation \$22,000,000 had been spent on the road.

What the U. P. Got for 86'1-2 "Then if the road issued securities to the extent of \$82,000,000 and only spent \$22,000,000, the other \$60,000,000 is water,"

said Mr. Kellogg.

"What are you going to show—that that affects the rate or the income?" asked Mr. Harriman.

Mr. Kellogg said that he was going to show the facts. There was \$68,280,756, he said, ahead of the preferred stock, and in addition about \$2,354,000 of current liabilities.

liabilities.

"Now, it is that preferred stock which the Union Pacific bought for 86%, is it not?"

"Yes, and some other people bought it," said Mr. Harriman. When he was asked if this was the same stock he got from the railway company Mr. Harriman objected. He said that the ownership might have changed fifty times. Mr. Kellogg renewed his question, however, and then Mr. Harriman said that undoubtedly it was the same stock.

The Refusal to Answer.

Mr. Kellogg then renewed his question whether Mr. Harriman owned any of the stock sold to the Union Pacific. stock sold to the Union Pacific.

"Upon the facts," said Chairman Knapp,
"Mr. Harriman being president of the Union
Pacific at the time, a member of the committee to determine the price, it is asked
whether he owned any of the stock purchased. Objection is made, although it
does not appear yet that this is in his interest. The commission overrules the objection and directs him to answer. He
takes the responsibility of declining to
do so."

do so."
Mr. Milburn said it might be entered Mr. Milburn said it might be entered that the witness refused to answer.

Chairman Knapp said that the presumption in the testimony given was that Mr. Harziman did own some of the stock and that the substantial question might be how much of it did he own. Mr. Milburn agreed to this change of the question.

Mr. Harriman's Own Explanation. Mr. Milburn pleaded hard that Mr. Harriman be allowed to make the explanation that had been burning in his pocket. Mr Kellogg finally consented. Mr. Harriman Reliogg finally consented. Mr. Harriman recited it apparently from memory, now and then hesitating as though he had forgotten parts of it. He went over the improvements made in the Alton and said the rates had been reduced 30 per cent. If the same rates had prevailed as those in 1898 the road would have earned 11 per cent, on the common stock. Taking recent. cent. on the common stock. Taking up the bonds, he said 65 was a fair price for a 3½ per cent: bond at that time; it was the

a 3½ per cent: bond at that time; it was the same as a 5 per cent. bond at par, which no one, he thought, would criticise when issued to stockholders.

"The syndicate," he said, "found itself in the position of having paid \$42,000,000 for the stock and property, less \$6,000,000 it received in dividends, or \$36,000,000. Now, the return of about \$1,600,000 a year is less than 4½ per cent. on the money invested. It would seem as though it was not a very liberal distribution, but we took all the chances of what the markets might be and the common stock was somewhat in relation to what you might say discounting the future."

discounting the future."

He said that in 1898 conditions were bad. but that they suddenly improved and money people had hoarded came out. They wanted then to invest in anything. This enabled the marketing of the bonds to the advantage of the holders and without

enabled the marketing of the bonds to the advantage of the holders and without disadvantage to shippers.

Mr. Harriman said that when the Rock Island interests suggested a joint control by adding to what he and his friends held in the Alton stock enough to make a majority his idea was to get the stock for the Union Pacific at as low a figure as possible.

"Some of the other members of the committee," he said, "were aggrieved because I refused to pay any more, and the price paid was a compromise."

He said that nearly 50 per cent. of the holders of the Alton preferred declined to sell, believing that it was worth more. The Rock Island wanted the Alton's line from Kansas City to Chicago. The Union Pacific was to cooperate with the Rock Island, using the Alton between Kansas City and St. Louis.

"It was not a stock transaction pure and simple, but a transaction which carried with it supposedly an alliance which would benefit the Chicago and Alton, the Union Pacific and Rock Island."

Mr. Harriman went on to say that as time

Mr. Harriman went on to say that as time went on the Rock Island people seemed to have changed their minds. They did not use the Alton and this precluded the Union Pacific from tying itself up in the line from Kansas City to St. Louis.

Other Eyes on U. P. as a Buyer. Mr. Harriman in answer to Mr. Kellogg's question said that he had had no idea in 1899 of selling the stock to the Union Pacific.



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6 first 23d Street, Madison Square South Mr. Kellogg surprised him by reading from a circular to old Alton stockholders saying that the purchasers were men connected with an important railway interest and that the Alton would enable them to extend their system. It was signed by some of the directors, including Mr. Stewart and Mr. Jesup, and some others. Mr. Harriman said that they had not got it from him and that the circular was not correct. The hearing was adjourned until this morning, with Mr. Harriman still on the stand. After the hearing yesterday he joked with the reporters about the bonds and insisted that if the New York Life had paid 96 for them it wasn't any concern of his.

JENNY LINDS HUSBAND DEAD.

Special Cable Despatch to The Sun.

London, Feb. 25.—Otto Goldschmidt, the husband of Jenny Lind, the celebrated singer, known as the "Swedish Nightingale," who died in London in 1887, died today at the age of 78. He married Miss Lind in 1852, during her American tour, on which he was her accompanist on the piano. Mr. and Mrs. Goldschmidt took up their residence in England in 1858.

He was professor in the Royal Accusement

7 VANDYKES FOR AMERICA.

Paintings From the Cattaneo della Volta Collection in Genoa Bought by J. P. Morgan. Special Cable Despatch to THE SUN. Paris, Feb. 25.-The Milan corresponden of the Echo de Paris says that J. Pierpont Morgan has bought seven paintings by Vandyke from the gallery of Marquis Cattaneo della Volta of Genoa. The Berlin Museum offered \$400,000 for the pictures which was refused. Mr. Morgan paid \$500,000. The German Embassy informed the Italian Government of the sale, but it

was too late for it to be prevented The collection of limoges enamels of the The collection of images enamels of the fifteenth century the property of the late. M. Queyroi, custodian of the Mouline Museum, has been sold at auction, realizing \$8,200.

on which he was her accompanist on the piano. Mr. and Mrs. Goldschmidt took up their residence in England in 185s.

He was professor in the Royal Academy of Music in 1863, was made vice-principal in 1866, was first musical director of the Bach Choir in 1876, and re igned in 1885. He edited, in conjunction with Sterndale Bennett, "The Chorale Book for England."

DIAMOND CUTTERS COME HERE. Big Wages Attract Them -Antwerp Fears

for Her Industry. Special Cable Despatch to THE SUN.
LONDON, Feb. 26.—The Brussels respondent of the Telegraph says that workmen in the Antwerp diamond factories are emigrating to the United States in large numbers, being attracted by wages triple those they are now earning o ere i by factories in New York and Massachusetts.

Local opinion is alarmed for Antwerp's industry.

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